



HARMONY™

Hidden Valley

25 August 2010

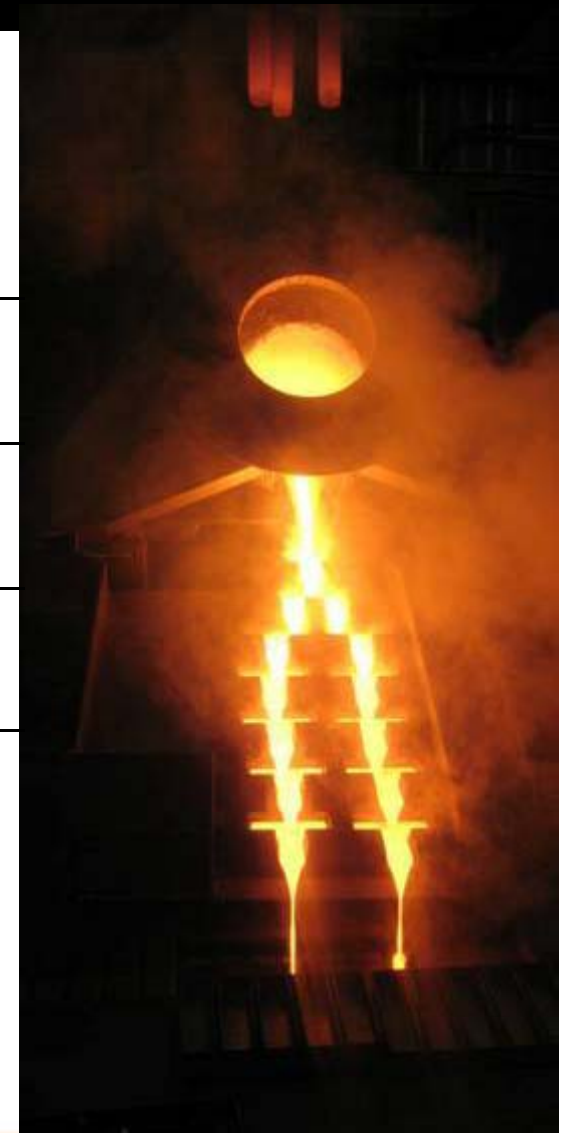




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- Open pit and CIL gold and silver processing plant in Morobe Province in PNG
- Construction of access road commenced in 2005
- Mining commenced in 2007
- First gold poured June 2009
- Plant fully commissioned in April 2010
- Current mining rate of 25Mtpa from two separate open pit mines (Hidden Valley & Hamata)
- Standard CIL processing plant with floatation and Merrill Crowe silver extraction
- Encapsulated TSF
- Workforce of 1 200



- Pre-stripping completed
- Stable ore production rates established in both open pits
- Above budget annualised mining and processing rates achieved regularly on a daily basis
- Key is to build consistency
- Local workforce trained to operate modern earthmoving fleet under supervision of an experienced line management team
- Oxide/transitional material in high rainfall environment causes delays
- Pit progressing into harder rock – will have less impact
- Skills development and succession plan in place to increase localisation ratios and management representation over first 5 years of operation



- Process plant commissioning completed in April 2010
- Throughput increasing
- Achieved annualised rate of 3.7Mt in June 2010 quarter (87% of nameplate)
- Opportunities identified to increase ultimate throughput to 112% of original nameplate (4.7Mtpa) at a nominal incremental cost
 - project activities well underway to achieve this by Q4 of FYE2011
- Metallurgical recoveries not yet at LOM target levels
- Impacts from high variability and high clay content in the near-surface ores.
- To be addressed by
 - ore blending
 - optimal reagents for clay ore
 - mobilisation of a technical team dedicated to process optimisation
 - mine scheduling of harder ores





Operational status: overland conveyor

- Conveyor has been operational since December 2009
- Transporting 600tph (~5Mtpa) consistently
- Transporting 700tph (~6Mtpa) when required
- Significant operating experience now gained
- Reliable, low-cost ore transportation system





Operational impacts and responses: mine projects

- Limited availability of competent fresh rock, also linked to the deep weathering profile at Hidden Valley, has reduced progress in construction of tailings storage and waste rock storage facilities
 - offsite supplies of suitable rock established
 - innovative waste dump design approaches introduced to reduce overall demand for rock
 - capital allocated for replacement of project services fleet and maintenance facility
 - adequate supervision for technical projects recruited



TSF gorge fill



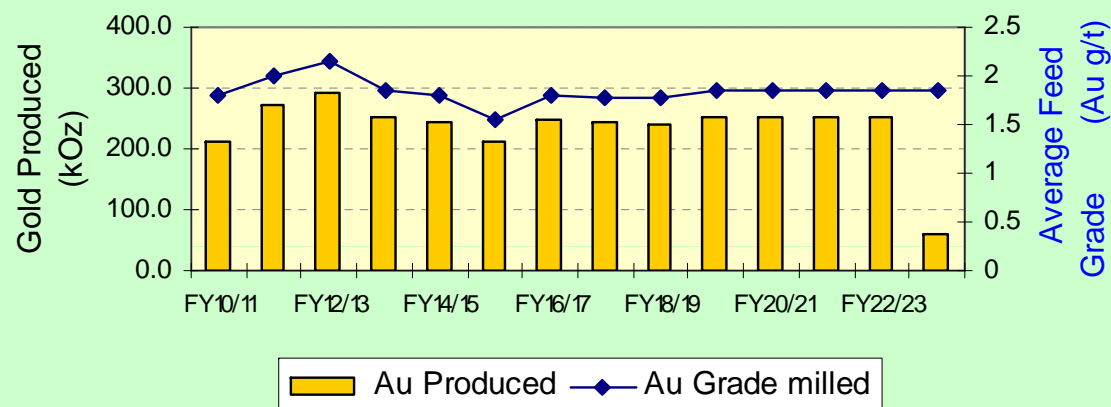
- Continue build up in mine production rates by focussing on the following:
 - continued focus on mobile equipment availability
 - fill key operator and supervisor vacancies
 - continue to recruit and train local labour pool
 - improve haul road conditions through road and bench drainage, road sheeting and maintenance



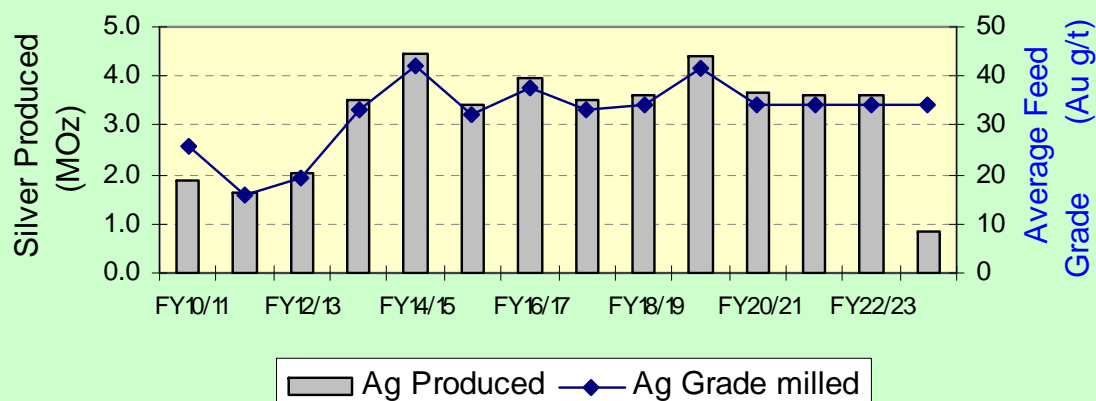
- Throughput
 - process plant throughput currently 10% to 20% below design rate of 550tph
 - function of mechanical teething problems and handling of clay-rich oxidised ore
 - schedule sees reduced % of clay-rich ore in feed by H2 2011
 - ensure mechanical availability of crushing circuit through effective maintenance strategies, teams and spare parts
- Recoveries
 - current recoveries below plan
 - testwork shows plan recoveries are achievable – not an inherent issue with the ore
 - optimise float circuit performance – remove silver load on CIL circuit
 - improve slurry viscosity
 - optimise dissolved oxygen, CN and pH levels through CIL circuit
 - optimise gravity circuit operation
 - optimise float circuit chemistry



LOM Gold Production & Feed Grade Profile



LOM Silver Production & Feed Grade Profile



- 3.3Moz Au and 44Moz Ag over 14 year mine life
- Average annual production 250koz Au and 3.5Moz Ag
- Total ore processed over mine life 62Mt, previous constraint on tails storage capacity removed based on progress of recent engineering and options studies
- Total material movement to peak at 42Mtpa
- 3 year ramp-up to reach this peak rate, additional mobile equipment included in LOM plan

- Life of mine = 14 years
- Peak production of 290koz Au and 4.4Moz Ag (in 2013, 50% attributable to Harmony)
- Average production (100%)
 - 7 775kg (average/year for total mine)
 - 250 000oz Au and 3.4Moz Ag (average/year for total mine)
 - 4.7Mt/year (average/year for total mine) @ 1.85g/t
- 62Mt of ore and 300Mt of waste rock will be mined over LOM
- Recovery grade (average LOM) = 1.66g/t
- Cash operating cost (real terms)
 - R130 000/kg (average/year over LOM)
 - R215/t (average/year)
- Cost after capital (real terms)
 - R160 000/kg (average/year over LOM)
 - R258/t (average/year)

- Completion of the main tailings storage facility (commissioned in 2009)
- Estimated completion 2011 for current design capacity
- Development and expansion of stable rock waste dumps with measures to mitigate and control acid rock drainage
- Sediment control structures in waste dump drainage systems
- Continuation of programs of rehabilitation for disturbed areas to minimise erosion and risk of slope instability

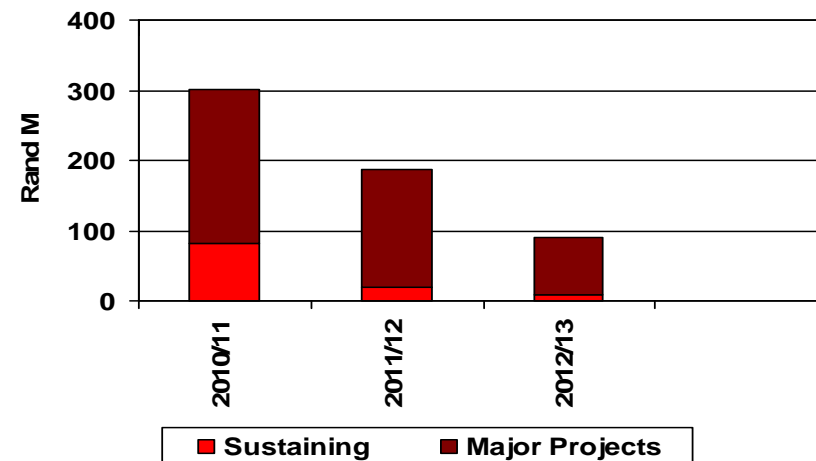
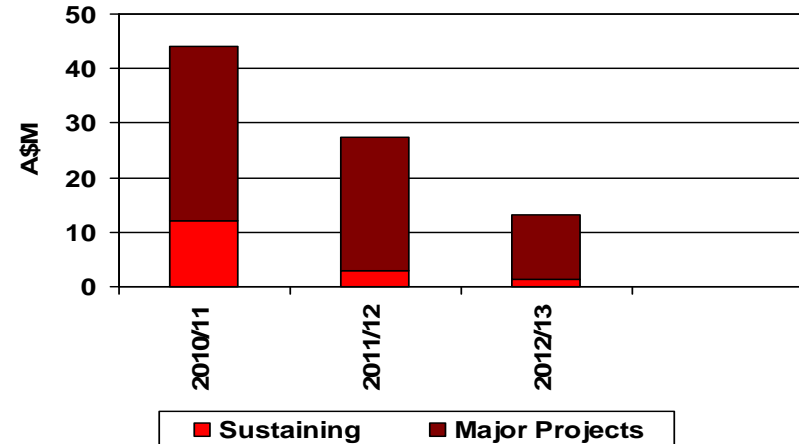




- Several significant infrastructure projects planned for construction in FY2011
 - additional mobile maintenance workshop to cater for expanded mobile fleet
 - improvement of environmental facilities including environmental laboratory, waste disposal facilities and recycling facility
 - tie-in and commissioning of the Yonki Hydro electric power supply to the mine grid
 - supplementary water supply for mine facilities and wash-down requirements

Capital expenditure

- Capital requirements reducing over next three years
- Major projects include
 - fleet replacement
 - tailings dam
 - waste dumps
 - mill de-bottlenecking study
- Sustaining capital includes
 - 3 x haul truck (785s)
 - 2 x excavator (PC2000)
 - maintenance
 - IT upgrade
 - mill projects



Total capital show – Harmony commitment 50%

Satellite deposit potential:

Avina Prospect

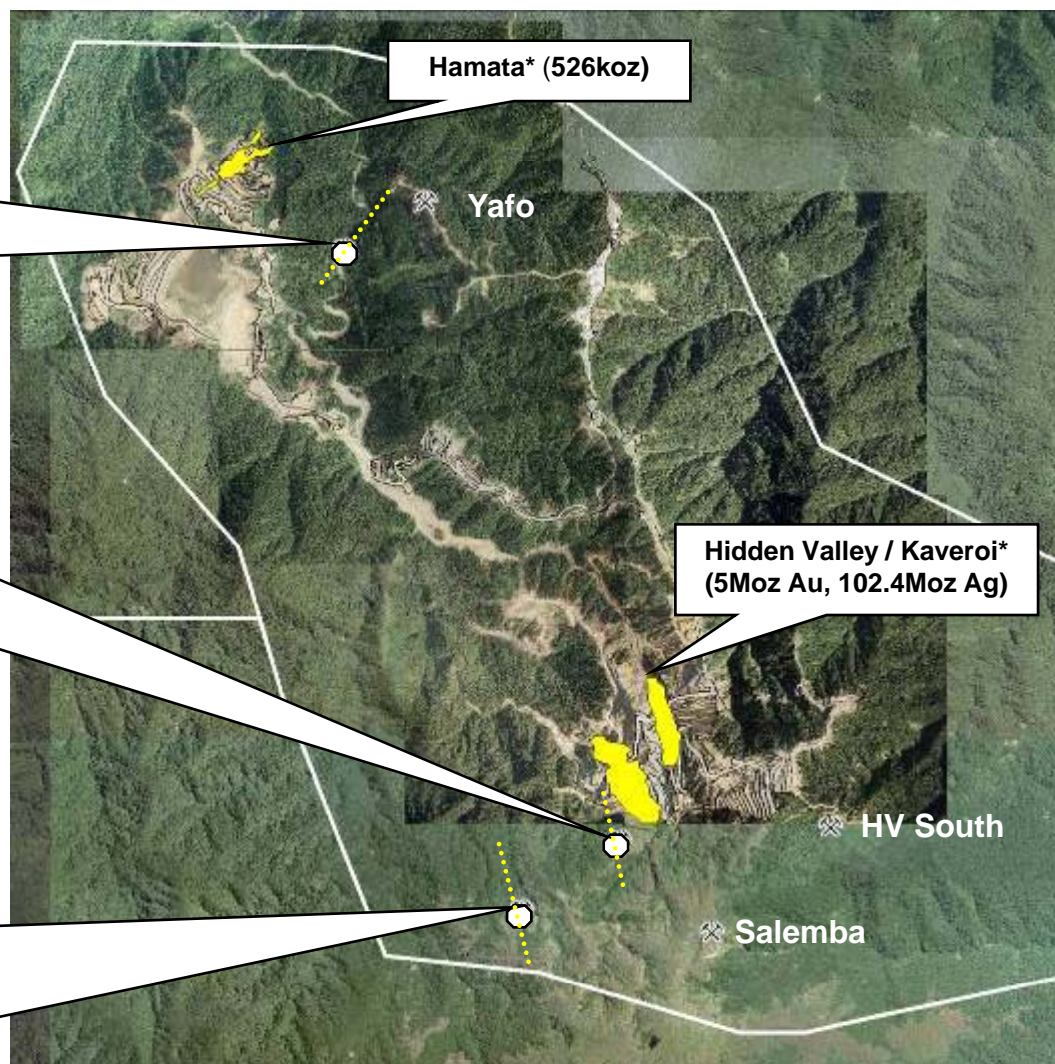
- Bench mapping and channel sampling underway
- Hamata structural orientation

Waterfall Prospect

- Initial benching / channel sampling results; 20m @ 2.5g/t Au; 14m @ 2.4g/t Au
- Kaveroi structural orientation
- Drilling scheduled (Q1 program)

Tais Creek Prospect

- Initial benching / channel sampling results: 30m @ 1.5g/t Au; 6m @ 14g/t Au; 4m @ 10.8g/t Au
- Kaveroi structural orientation
- Carbonate veins with elevated Pb & Zn & Ag
- **Drilling in progress**



**Refer Harmony website for July 2010 resource statement. Resource figures quoted on 100% basis.*